



BOARD OF EQUALIZATION

**CUSTOMER SERVICES AND ADMINISTRATIVE
EFFICIENCY COMMITTEE MEETING MINUTES**HONORABLE BILL LEONARD, COMMITTEE CHAIR
450 N STREET, SACRAMENTO

MAY 31, 2007, 9:30 A.M.

ACTION ITEMS & STATUS REPORT ITEMS**Agenda Item No: 1**

Title: Legislative Analyst's Office's "A Report on Tax Agency Information and Data Exchange" and the Fed/State Partnership Response Letter.

Issue/Topic:

Presentation of the current data exchanges, future data sharing efforts, governance structure to facilitate data exchanges, and potential technology solutions to enable more efficient exchanges.

Committee Discussion:

Mr. McGuire, Chief, Tax Policy Division / Sales and Use Tax Department reported on the Supplemental Budget Act of 2005 which directed the Legislative Analyst Office to report to the Legislature regarding ways the State's three tax agencies can improve information and data sharing to effectively and efficiently administer the overall tax system. The report was completed in January 2007 and addressed opportunities for increasing data exchange among the three tax agencies, BOE, FTB and EDD.

The report made three recommendations for the three agencies:

1. Report on any new cost-efficient data sharing actions that could be undertaken in the short-term (1 – 3 years).
2. Report any new data sharing actions that might require legislation or additional funding.
3. Jointly report to the Legislature at the budget hearings on alternative technology approaches that could improve the efficiency of data exchanges between the agencies.

In response to the reports recommendations, BOE, FTB and EDD testified at the recent budget hearings and, as requested by the budget subcommittees, prepared a joint response to the Legislature responding to the report's recommendations.

In that response, dated April 27, 2007, the three agencies:

1. Identified short-term data sharing efforts as requested,
2. Provided an overview of the current Fed/State Partnership governance structure and activities under which collaboration and data sharing efforts are identified and coordinated by the three tax agencies.
3. Recommended that a technology consultant be engaged to identify emerging technologies and best practices that would enable more efficient data sharing efforts between the three agencies.

Since that letter, the budget subcommittees redirected funds from FTB's Tax Gap BCP to pay for a consultant.

Mr. McGuire stated that as progress is made on new data exchange efforts, we will provide future updates to the Board on these activities.

Committee Chair Bill Leonard responded to Mr. McGuire by mentioning that the LAO report dated January 2007 has items which were published prematurely because they would require legislation that had not yet been proposed or discussed by the Board. He asked the Board to focus on the second document; the letter dated April 27, 2007 to the Legislative Analyst's Office from BOE, EDD and FTB. The letter discusses the Fed/State Data Sharing/Exchange project with the three tax agencies working together to deal with taxes. He was pleased the Budget Committee redirected FTB funds for the project which will benefit everyone. He would like the Board to be made aware of the progress of Fed/State activities. Member Chu also applauded the idea of a technology consultant.

In answering Member Chu and Member Yee's questions regarding the technology consultant, Mr. McGuire reported that the Fed/State Partnership will form a separate project team to manage the consultant. He also reported, funds have already been allocated from FTB Tax Gap BCP. The BOE will work with EDD and FTB to produce the documents for the consultant contract. The contract for the consultant should be in place by early part of 2008, third-quarter fiscal year. The project team would be in place prior to the consultant contract.

Ms. Yee expressed the importance of the CIO being in place to ensure BOE is strategic with the data sharing Fed/State partnership project and the Tax Gap Plan.

Mr. Hirsig, Executive Director confirmed that the CIO should be hired by August or September 2007.

Mr. McGuire reported that BOE is already engaged in information/data exchange and the Tax Gap Plan, and the Data Sharing Project does not need to run parallel to each other. The Tax Gap Plan relies on new data sources and the Fed/State Project will look at ways of making the current exchange of data more efficient.

Committee Chair thanked Mr. McGuire for the report, and with no other comments; adjourned the Committee.

Committee Action/Recommendation/Direction:

The update of the Board of Equalization's Legislative Analyst's Office's "A Report on Tax Agency Information and Data Exchange" and the Fed/State Partnership Response Letter was presented as an information resource. Therefore, no action was required.

Customer Services and Administrative Efficiency Committee Meeting Minutes

Approved: /s/ Bill Leonard
Honorable Bill Leonard, Committee Chair

/s/ Ramon J. Hirsig
Ramon J. Hirsig, Executive Director

BOARD APPROVED

At the June 1, 2007 Board Meeting

/s/ Gary Evans
Gary Evans, Acting Chief
Board Proceedings Division